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NEWS RELEASE

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FOR RELEASE October 21, 2010

Auditor of State David A. Vaudt today released a report on a special investigation of the Country Living Care Center (the Center) in Toledo, Iowa for the period July 1, 2007 through April 30, 2009 and for time periods prior to July 1, 2007 for certain transactions for which adequate documentation was available. The special investigation resulted from members of the Center's Board of Directors identifying a concern regarding a lapse in workers' compensation insurance coverage, discontinuance of other insurance coverage and non-payment of certain bills. Due to financial instability of the Center, Genesis Development assumed the administrative duties of the Center, effective June 1, 2009. On July 1, 2009, Genesis Development also assumed responsibility for all remaining functions of the Center.

Vaudt reported the special investigation identified \$27,838.79 of improper and unsupported disbursements and undeposited collections between January 1, 2000 and April 30, 2009. Vaudt also reported it was not possible to determine if there were additional improper or unsupported disbursements or undeposited collections because limited records were available.

The improper disbursements total \$26,410.73 and include improper purchases and fees incurred on the Center's credit cards. The improper purchases identified total \$14,639.50. However, \$2,446.22 of purchases were not paid for with the Center's funds. The improper purchases include items such as airfare, hotels, restaurants, jewelry and tattoos.

The improper disbursements also include \$7,068.39 of payments to Terri Mayo, the former Administrator, for her salary and \$345.86 of payroll to Brandi Kriegel, the Center's former Social Services Coordinator, and Ms. Mayo's daughter. Vaudt also reported Board members stated employees were not eligible for mileage reimbursements. However, Ms. Mayo and Ms. Kriegel received a number of reimbursements from the Center. Of the reimbursements

issued to them, Ms. Mayo received \$4,603.30 of improper reimbursements and \$512.80 of unsupported reimbursements. Ms. Kriegel received \$638.74 of improper reimbursements and \$145.26 of unsupported reimbursements.

Vaudt reported the \$770.00 of undeposited collections identified include 3 payments from the Social Security Administration (SSA) to the Center for care of residents. The payments were to be deposited in the Center's operating account.

In addition, Vaudt reported several concerns with the records maintained by Ms. Mayo. The Center's records maintained by Ms. Mayo were not kept in an orderly fashion and several records were missing, including invoices and credit card receipts. In addition, envelopes containing several invoices were unopened or missing and there were several requests for payment of past due balances.

Vaudt also reported Ms. Mayo did not properly remit certain payments totaling \$269,516.30 for the Center, including federal and state withholding taxes. The Center's unpaid federal withholding taxes for the quarters ended March 31, 2007 through December 31, 2008, including penalties and interest, totaled \$251,305.66 as of August 6, 2009. State withholding taxes owed to the Iowa Department of Revenue totaled \$13,746.00 as of September 29, 2009. Any notices issued after these dates were not readily available.

The report also includes recommendations to strengthen the Center's internal controls, such as improvements to segregation of duties, ensuring payments from SSA reconciled each month, ensuring Board minutes are properly signed and ensuring all bills are approved by the Board prior to payment. Because the Center no longer exists and sufficient funding is not available, the outstanding obligations will not be satisfied.

Copies of the report have been filed with the Tama County Attorney's Office, the Attorney General's Office and the Division of Criminal Investigation. A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/0810-0086-BE00.pdf>.

**REPORT ON SPECIAL INVESTIGATION
OF THE
COUNTRY LIVING CARE CENTER
TOLEDO, IA
FOR THE PERIOD
JULY 1, 2007 THROUGH APRIL 30, 2009**

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Auditor of State's Report

To the Tama County Attorney:

At your request, we conducted a special investigation of the Country Living Care Center (the Center) as a result of concerns regarding certain financial transactions. We have applied certain tests and procedures to selected financial transactions of the Center for the period July 1, 2007 through April 30, 2009, or as otherwise noted. Based on our review of relevant information and discussions with Center officials and staff, we performed the following procedures:

- (1) Evaluated internal controls to determine whether adequate policies and procedures were in place and operating effectively.
- (2) Reviewed activity in bank accounts held by the Center to identify any unusual activity.
- (3) Examined certain disbursements from the Center's checking accounts from December 1, 2003 to April 30, 2009 to determine if they were appropriate, reasonable, properly approved by the Board and supported by adequate documentation.
- (4) Obtained and reviewed statements and invoices for activity related to credit card or other charge accounts established in the Center's name to determine the propriety of activity for the period January 12, 2002 through January 19, 2009.
- (5) Examined all reimbursements to Terri Mayo, the former Administrator, and Brandi Kriegel, the former Social Services Coordinator, to determine if the amounts disbursed were appropriate, properly approved by the Board and/or supported by adequate documentation from January 1, 2000 through April 30, 2009.
- (6) Examined the following payroll information:
 - All payroll checks to Ms. Mayo and Ms. Kriegel for the period January 1, 2008 through April 30, 2009 to determine whether the appropriate number of checks were issued and the amounts of the checks were properly calculated and supported by time cards.
 - For the period July 1, 2003 through December 31, 2007, 1 payroll check to Ms. Mayo and Ms. Kriegel per quarter to determine if the amounts of the checks were properly calculated and supported by time cards.
 - Certain payroll checks for employees, excluding Ms. Mayo and Ms. Kriegel, to determine whether the payments were properly calculated and supported by time cards.
 - Reviewed and examined payroll registers to determine if payroll taxes were properly withheld from employees' pay. In addition, we compared payroll checks recorded in the accounting software to images of checks to determine if the check numbers and amounts agreed.
 - Reviewed and evaluated payroll taxes to determine if all payments were properly remitted to the appropriate parties in a timely manner.

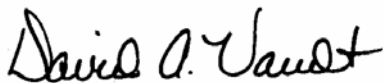
- (7) Reviewed and examined available accounting records to determine if certain residents were properly billed for monthly services and resident payments were properly deposited in the Center's accounts. We also reviewed billings sent to counties for monthly services provided to certain residents to determine if the counties of legal residence were properly billed and payments were properly deposited in the Center's accounts.
- (8) Traced payments made by the Social Security Administration on behalf of certain residents to deposit in the Center's accounts to determine if they were properly deposited in the Center's accounts.
- (9) Confirmed payments to the Center by the State of Iowa to determine if they were properly deposited in the Center's accounts.

These procedures identified \$27,838.79 of improper and unsupported disbursements and undeposited collections between January 1, 2000 and April 30, 2009. We were unable to determine if additional disbursements were improper or unsupported or if additional collections were not properly deposited because adequate records for receipts and disbursements were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A** through **E** of this report.

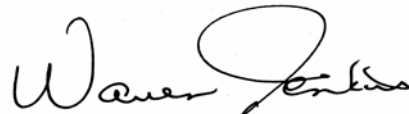
The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the County Living Care Center, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Tama County Attorney's Office, the Attorney General's Office, the Tama County Sheriff's Office and the Division of Criminal Investigation.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of the Country Living Care Center during the course of our investigation.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 2, 2010

Country Living Care Center
Investigative Summary

Background Information

Until mid-2009, Country Living Care Center (the Center) was a residential facility located in Toledo, Iowa. It was a non-profit organization and provided services to improve the quality of life and assist individuals suffering from mental retardation, developmental disabilities, mental illness, polysubstance dependency or other age related illnesses to be as independent as possible. However, due to financial instability of the Center, Genesis Development assumed the administrative duties of the Center, effective June 1, 2009. On July 1, 2009, Genesis Development also assumed responsibility for all remaining functions of the Center.

Prior to mid-2009, the Center was governed by a 5 member Board of Directors (Board) which was appointed by the Tama County Board of Supervisors. The Board was to hold quarterly and annual meetings. On June 28, 1993, the Board entered into an employment contract with Terri (Zmolek) Mayo to be the Center's Administrator. As stated in the contract, Ms. Mayo was to perform all managerial and supervisory functions. Ms. Mayo was also to prepare at least quarterly reports, either oral or written, to the Board outlining any existing conditions and problems at the Center. In addition, Ms. Mayo was responsible for all accounting functions, including:

- 1) Receipts – collecting, posting to the accounting records, preparing and making deposits,
- 2) Disbursements – making purchases, receiving certain goods and services, maintaining supporting documentation, preparing, signing and distributing checks and posting to the accounting records,
- 3) Payroll – calculating, preparing, signing and distributing checks and posting to the accounting records and
- 4) Reporting – preparing Board minutes and financial reports.

Ms. Mayo was responsible for opening the mail and reviewing invoices. After invoices were reviewed, Ms. Mayo prepared and signed a check to pay the vendors. The Center's checks required only one signature. Prior to August 2007, all checks issued from the Center's checking accounts were signed by Ms. Mayo.

Based on images of checks included with bank statements, Brandi Kriegel began signing payroll checks in August 2007. Ms. Kriegel was employed as the Center's Social Services Coordinator. She was also Ms. Mayo's daughter. According to individuals we spoke with, Ms. Mayo delegated payroll responsibilities to her daughter. We are unable to determine if Ms. Kriegel performed any payroll responsibilities prior to August 2007. Board minutes available for our review did not include any notations regarding Ms. Kriegel assuming payroll responsibilities. According to Center representatives, the Board was unaware Ms. Kriegel performed payroll duties.

The Center's primary revenue source was payments for services and care provided to the residents. The payments were made by residents or their families, certain residents' County of legal residence and the Social Security Administration (SSA) on behalf of certain residents.

The Center had 2 checking accounts into which funds were deposited and withdrawn. The "Operating account" was used for general operating expenses of the Center. The

“Resident Trust account” was used for the residents’ personal funds. The residents’ personal funds could be used for purchases such as clothing and other personal items. The residents’ personal funds could also be used for outings, including dinners. The Center also maintained resident account ledgers for the residents which documented how much each resident was billed, collections received and any outstanding balance per month.

In July or August 2008, several members of the Board resigned. As a result, new members were appointed to the Board by the Tama County Board of Supervisors. Within months after their appointment, 2 new members of the Board became aware of certain problems, including a lapse in workers compensation insurance coverage, discontinuance of other insurance coverage and non-payment of telephone and water bills.

In October 2008, the Board asked Ms. Mayo to provide supporting documentation for the disbursements presented to the Board at the meeting. However, Ms. Mayo did not provide any documentation. According to a Center representative, the Board continually asked Ms. Mayo for documentation and Ms. Mayo continued to not provide the required documentation.

In December 2008, members of the Board approached Ms. Mayo regarding financial concerns regarding overdue bills and insurance coverage which had been cancelled. On December 15, 2008, Ms. Mayo provided a detailed list to the Board which identified specific instances of financial difficulty and the action she had taken to correct the problem. A copy of the information Ms. May provided to the Board is included in **Appendix 1**.

As illustrated by the **Appendix**, Ms. Mayo provided an explanation to the Board regarding a number of concerns brought to their attention. The explanations provided to the Board addressed meals purchased for the residents and employees on duty. Ms. Mayo stated she periodically paid for these meals with the Center’s funds. According to Board members we spoke with, this is not an appropriate use of the Center’s funds.

According to the minutes from the January 2009 Board meeting, Ms. Mayo requested permission to hire a part-time employee to assist her with getting all the financial information caught up. The minutes do not include any further discussion regarding hiring a part-time employee. However, we did not identify an additional employee in the Center’s payroll records.

As a result of the financial difficulties faced by the Center, the number of overdue bills and because Ms. Mayo did not provide documentation to the Board, she was placed on probation in February 2009.

In early April 2009, certain Board members met with the Tama County Attorney to determine further action to be taken. On April 13, 2009, due to the concerns identified by Board members, the Tama County Attorney’s office contacted the Office of Auditor of State to request a special investigation of the Center. As a result of this request, we performed the procedures detailed in the Auditor of State’s Report for the period July 1, 2007 through April 30, 2009. Certain procedures were also performed for transactions prior to July 1, 2007 for which adequate documentation was available.

On April 20, 2009, Ms. Mayo was terminated from her position as Administrator due to the concerns identified. Effective June 1, 2009, Genesis Development assumed the administrative duties of the Center. On July 1, 2009, Genesis Development took full control over the residential care facility and changed the name to Genesis Development.

Detailed Findings

These procedures identified \$27,838.79 of improper and unsupported disbursements and undeposited collections. We were unable to determine if additional disbursements were improper or unsupported or if additional collections were not properly deposited because adequate records for receipts and disbursements were not available.

The \$26,410.73 of improper disbursements include:

- Personal purchases and late fees on the Center's credit cards. The improper purchases identified total \$14,583.50. However, \$2,446.22 of these purchases were not paid for with the Center's funds. Of the improper purchases identified, \$7,838.32 was incurred on the Center's Capital One credit card and \$6,801.18 was incurred on the Center's MasterCard.
- Improper payroll disbursements to Ms. Mayo and Ms. Kriegel which total \$6,566.08 and \$321.28, respectively. In addition, the Center incurred additional payroll taxes for the improper payroll disbursements, which total \$502.31 for Ms. Mayo and \$24.58 for Ms. Kriegel.
- Improper reimbursements to Ms. Mayo and Ms. Kriegel which total \$4,603.30 and \$638.74, respectively.
- Non-sufficient fund fees of \$1,335.00 and penalties and late fees to vendors which total \$226.16.

We also identified 3 undeposited collections from the Social Security Administration which total \$770.00. All findings are summarized in **Exhibit A** and a detailed explanation of each finding follows.

IMPROPER AND UNSUPPORTED DISBURSEMENTS

During our investigation, we reviewed activity recorded in the Center's checking accounts for the period July 1, 2007 through April 30, 2009 and identified several improper and unsupported disbursements.

As previously stated, checks issued from the Center's checking accounts required only a single signature. Ms. Mayo did not prepare a listing of bills for the Board's review and approval. As a result, only Ms. Mayo reviewed invoices, prepared checks, signed checks and reviewed bank statements. In addition, the Center had 2 credit cards which were held by Ms. Mayo.

In addition, the Center's records maintained by Ms. Mayo were not kept in an orderly fashion and certain documents, such as invoices and credit card receipts, could not be located. During our fieldwork, we identified several unopened envelopes containing invoices and requests for payment of past due balances.

The improper and unsupported disbursements identified are discussed in detail in the following paragraphs.

Credit Cards – The Center had a Capital One and a MasterCard credit card. The cards were held by Ms. Mayo and she was the only authorized user. According to a Board member we spoke with, the Board was not aware the Center had credit cards.

We reviewed the monthly card activity for the period available from January 9, 2002 through January 19, 2009. We were unable to obtain credit card statements for January 20, 2009 through April 30, 2009. For the months statements were available, we identified purchases which were not supported by itemized receipts.

Because receipts were not available for any of the purchases, we discussed the transactions with Center representatives to determine if they appeared appropriate for the Center's operations. Specifically, we discussed the vendor, date and amount of individual transactions. Based on our discussions with Center representatives, authorized purchases included office supplies, computer equipment and software, resident uniforms for staff members and hygiene products from a specified vendor. In addition, purchases for gas were reasonable because the Center owned 2 vehicles.

Exhibit B lists purchases made with the Capitol One credit card along with the membership and past due fees incurred. As illustrated by the **Exhibit**, the purchases, membership fees and past due fees total \$10,797.09, \$243.00 and \$607.00, respectively. The \$607.00 past due fees were incurred as a result of Ms. Mayo not making payments in a timely manner. As a result, they have been classified as improper in the **Exhibit**. The membership fees were also classified as improper in the **Exhibit** because the Board did not authorize the use of the credit card.

Based on our discussions with Center representatives, we identified a number of purchases which were not related to the Center's operations. The improper purchases total \$6,988.32 and include:

- a \$170.00 purchase from Lasting Impressions, a tattoo parlor in Ames, IA, on March 13, 2003,
- a \$137.79 purchase from Kay Jewelers on August 7, 2003 and
- a \$786.50 purchase on March 31, 2004 from United Air for a trip to San Antonio, Texas.

The \$6,988.32 of improper purchases, \$243.00 of membership fees and \$607.00 of past due fees total \$7,838.32. This amount is included in **Exhibit A**.

Exhibit C includes all purchases with the MasterCard along with the finance charges and late fees incurred. As illustrated by the **Exhibit**, the transactions and finance charges and late fees total \$10,275.44 and \$87.18, respectively. The \$87.18 of finance charges and late fees were incurred as a result of Ms. Mayo not making payments in a timely manner. As a result, they have been classified as improper in the **Exhibit**.

Based on our discussions with Center representatives, we identified a number of purchases which were not related to the Center's operations. The improper purchases total \$6,714.00 and include:

- a \$56.71 purchase from Classic Nails on July 8, 2003,
- a \$247.00 purchase from an on-line watch vendor located in Las Vegas on May 27, 2005,
- a \$300.00 payment to Iowa Telecom on June 22, 2006 and
- 2 on-line purchases from Target on December 4, 2007 which total \$212.26.

As illustrated by **Exhibit C**, the \$6,714.00 of improper purchases and \$87.18 of finance charges and late fees total \$6,801.18. This amount is included in **Exhibit A**.

During our review of the monthly statements from Capital One and MasterCard, we identified 4 payments to Capital One which were not from the Center's accounts. The 4 payments total \$1,996.50. We also identified 2 payments to MasterCard which were not from the Center's accounts. The 2 payments total \$449.72. The 6 payments not from the Center's accounts total \$2,446.22. This amount is included in **Exhibit A**.

Charge accounts – The Center had established charge accounts at local vendors, such as Fareway and Pamida. We traced certain payments to the vendors to supporting documentation for the period December 1, 2003 through April 30, 2009. As a result, we determined supporting documentation was available for disbursements tested. As a result, further testing was not performed.

Payroll - According to a Board member we spoke with, all non-salaried employees were required to complete time cards using a punch time clock and were responsible for ensuring the time cards totaled the hours worked for the day and/or pay period. In addition, any employee working more than 6 hours per day was required to take a 30-minute unpaid meal break.

Also, according to a Board member, employees were eligible for overtime pay if the employee worked more than 80 hours per pay period, more than 40 hours per week or more than 8 hours per day. In addition, overtime pay was to be received if an employee was called in to work on a scheduled day off. According to a Board member, Ms. Mayo performed periodic reviews to ensure time cards totaled actual hours worked. Beginning in August 2007, Ms. Kriegel performed the periodic reviews.

During fieldwork, we identified several instances in which an employee did not punch in/out or the time was written in. For these instances, a supervisor's initials or signature were not on the employee's timecard to document approval. Also, we identified time cards for which the total hours for the day or pay period were not properly calculated and employees who worked more than 6 hours but a 30 minute unpaid meal break was not included on the time card.

The improper payroll amounts identified are summarized in the following paragraphs.

Terri Mayo – According to Ms. Mayo's employment contract, she began employment as the Center's Administrator on June 28, 1993 and was to receive an annual salary. During our fieldwork, we identified 2 employment contracts for Ms. Mayo and several Board meeting minutes which documented authorized salary levels or annual increases. However, the minutes to a number of Board meetings could not be located and it appeared several employment contracts were prepared which were not available for our review.

As a result, we compared payroll transaction detail recorded in the Center's accounting software to time cards to determine if payroll was properly calculated. We also compared the amount of payroll checks recorded in the accounting software to check images on the bank statements for the period January 1, 2008 through April 30, 2009 for all checks issued to Ms. Mayo. As a result of concerns identified during the period January 1, 2008 through April 30, 2009, we also selected 1 payroll check per quarter to test for the period July 1, 2003 through December 31, 2007 for Ms. Mayo.

We were unable to locate time cards for Ms. Mayo prior to February 26, 2009. As a result, for the period prior to February 26, 2009, our testing was limited to reviewing the payroll transactions recorded in the Center's accounting system and reviewing check images in the bank statements to ensure Ms. Mayo received only 1 check per pay period.

Based on procedures performed, we determined Ms. Mayo received \$6,566.08 more payroll than authorized. **Table 1** lists the pay periods in which Ms. Mayo did not receive the correct payroll. As illustrated by the **Table**, Ms. Mayo prepared 4 of the checks to herself. Ms. Kriegel prepared the remaining 3 checks identified.

Table 1

Pay Period Ending	Check Number	Prepared By	Gross Amount		
			Authorized	Issued	Over- payment
03/02/06	18718*	Ms. Mayo	\$ -	1,513.12	\$ 1,513.12
12/21/06	19554*	Ms. Mayo	-	480.00	480.00
02/15/07	19675*	Ms. Mayo	-	1,542.96	1,542.96
01/17/08	20443*	Ms. Mayo	-	1,500.00	1,500.00
11/06/08	21127*	Ms. Kriegel	-	1,200.00	1,200.00
03/26/09	21547	Ms. Kriegel	2,022.96	2,142.96	120.00
04/09/09	21583	Ms. Kriegel	1,890.00	2,100.00	210.00
Total			\$ 3,912.96	10,479.04	\$ 6,566.08

* - Based on information in the Center's accounting software, this payment was the second payment issued to Ms. Mayo for this pay period.

As illustrated by the **Table**, we identified 5 pay periods for which the Center's accounting software included 2 payments issued to Ms Mayo. For the 2 remaining payments in March and April 2009, the Center's accounting software included 20 hours of overtime for Ms. Mayo. However, according to Ms. Mayo's time cards, she worked 16 hours of overtime in March and 13 hours of overtime in April. As a result, Ms. Mayo received additional compensation of \$120.00 and \$210.00 for those periods, respectively.

In addition to the unauthorized gross payroll costs, the Center also incurred additional costs for the employer's share of payroll taxes. **Table 2** illustrates the additional payroll taxes total \$502.31.

Table 2

Description	Amount
Total gross unauthorized pay (Table 1)	\$ 6,566.08
x FICA rate for employer's share (7.65%)	.0765
Employer's share of payroll taxes	\$ 502.31

The unauthorized gross payroll of \$6,566.08 and the \$502.31 of related employer's share of payroll taxes total \$7,068.39 and are included in **Exhibit A**.

During our review of payroll documents, we also identified 4 pay periods for which Ms. Mayo's net salary totaled \$1,500.00 even though her authorized net salary was \$1,542.96 per pay period. The 4 instances identified were for the pay periods ended April 10, 2008, November 20, 2008, December 18, 2008 and April 9, 2009.

As stated previously, Ms. Kriegel assumed responsibility for preparing payroll checks in August 2007. She signed the 2 checks to Ms. Mayo for \$1,500.00 which were prepared for the pay periods ended April 10, 2008 and April 9, 2009. However, the remaining 2 checks for \$1,500.00 were signed by Ms. Mayo. It is unclear why Ms. Mayo would have signed the checks when Ms. Kriegel was responsible for preparing payroll.

The balance of Ms. Mayo's paid leave was not available for the pay periods identified. As a result, we are unable to determine if the amounts paid to Ms. Mayo were less than her authorized bi-weekly salary because she took unpaid leave. Therefore, the amounts not paid to Ms. Mayo are not included in **Exhibit A**.

According to a Board member we spoke with, it was not unusual for Ms. Mayo to work more than 80 hours per pay period to complete her administrative responsibilities. She also periodically covered positions when other employees were unavailable or the Center was short-staffed because positions had not been filled. However, the Board was not made aware of when Ms. Mayo worked additional hours.

Brandi Kriegel – As previously stated, Ms. Kriegel was the Center's Social Services Coordinator and Ms. Mayo's daughter. Beginning in August 2007, Ms. Mayo no longer prepared payroll and Ms. Kriegel assumed those responsibilities.

We reviewed all of Ms. Kriegel's payroll checks for the period January 1, 2008 through April 30, 2009. As a result of concerns identified during our testing of this period, we also selected 1 of Ms. Kriegel's payroll check for each quarter for the period July 1, 2003 through December 31, 2007 to determine if her payroll amounts were properly calculated based on her time cards. In addition, we compared the payroll checks recorded in the Center's accounting system for Ms. Kriegel to images of checks included in the Center's bank statements.

We identified 5 pay periods for which Ms. Kriegel was not paid the proper amount. Ms. Kriegel's gross pay for the 5 pay periods total \$321.28. The payroll information for each instance identified is included in **Table 3**. As illustrated by the **Table**, Ms. Kriegel prepared 2 of the checks to herself. Ms. Mayo prepared the remaining 3 checks identified.

Table 3					
Pay Period Ending	Check Number	Prepared By	Gross Amount		
			Authorized	Issued	Over- payment
06/09/05	17935	Ms. Mayo	\$ 522.48	685.75	163.27
09/15/05	18193	Ms. Mayo	620.28	681.84	61.56
02/02/06	18627	Ms. Mayo	670.93	685.40	14.47
06/19/08	20767	Ms. Kriegel	709.28	738.23	28.95
01/01/09	21272	Ms. Kriegel	669.41	722.44	53.03
Total			\$ 3,192.38	3,513.66	321.28

For each pay period included in the **Table**, time cards did not support the payroll transaction detail recorded in the Center's accounting system for Ms. Kriegel. For example, for the pay period ended January 1, 2009, Ms. Kriegel's time card included 49.5 regular hours, 13.25 overtime hours, 8 personal hours, 5.5 vacation hours and 16 holiday hours. However, the information recorded in the accounting system included 41.5 regular hours, 22.25 overtime hours, 8 personal hours, 5.5 vacation hours and 16 holiday hours.

In addition to the unauthorized gross payroll costs, the Center also incurred additional costs for the employer's share of payroll taxes. **Table 4** illustrates the additional payroll taxes total \$24.58.

Table 4

Description	Amount
Total gross unauthorized pay (Table 3)	\$ 321.28
x FICA rate for employer's share (7.65%)	.0765
Employer's share of payroll taxes	\$ 24.58

The unauthorized gross payroll of \$321.28 and the \$24.58 of related employer's share of payroll taxes total \$345.86 and are included in **Exhibit A**.

During our review of payroll documents, we also identified 3 pay periods for which Ms. Kriegel was not paid for all vacation or sick hours recorded on her timesheet. The 3 instances identified were for the pay periods ended October 27, 2005, January 18, 2007 and January 3, 2008. The payroll information was prepared by Ms. Mayo for the 3 pay periods. It is unclear why Ms. Mayo prepared Ms. Kriegel's payroll information for the pay period ended January 3, 2008 because Ms. Kriegel assumed the payroll duties in August 2007.

The balance of Ms. Kriegel's paid leave was not available for the pay periods identified. As a result, we are unable to determine if the amounts paid to Ms. Kriegel were less than her authorized gross pay because she took unpaid leave. Therefore, the amounts not paid to Ms. Kriegel are not included in **Exhibit A**.

During our review of Ms. Kriegel's time cards, we identified pay periods for which she received overtime. As previously stated, any employee working more than 80 hours per pay period or more than 8 hours per day was eligible to receive overtime pay. Employees were also eligible for overtime if they were called in to work on a scheduled day off. During our review of Ms. Kriegel's payroll, we determined her time card did not include a cumulative total of 80 hours prior to receiving overtime pay for 82 of the 151 pay periods. However, she did work more than 8 hours per day. Because overtime was paid to Ms. Kriegel in accordance with the Center's policy, the amount of overtime paid to Ms. Kriegel for these pay periods is not included in **Exhibit A**.

Because of the financial difficulties facing the Center, it is unusual any overtime would have been approved for any employees, unless absolutely necessary for staff coverage. We were unable to determine if the time worked by Ms. Kriegel in excess of 8 hours per day was approved.

We also determined the amount recorded in the accounting system as withheld from Ms. Kriegel's gross pay for payroll taxes for calendar year 2007 was \$142.59 less than the amount reported on her W-2. We are unable to determine why the amount reported on the W-2 exceeded the amount recorded in the accounting system. Because the amount reported did not affect the amount paid to Ms. Kriegel by the Center, the \$142.59 is not included in **Exhibit A**.

Other Employees – Due to the Center's financial instability and the concerns expressed by Board members we spoke with regarding the Center's ability to provide payroll for employees, we reviewed several other employees' payroll information to determine if payroll disbursements were properly calculated based on time cards and the checks were accurately prepared.

We determined 3 individuals were overpaid during calendar year 2008. The 3 individuals received additional compensation as a result of improper payroll calculations, such as calculating sick leave pay at the overtime rate instead of the

regular hourly rate or paying an individual for sick leave when sick leave was not recorded on the individual's time card.

As previously stated, Ms. Kreigel was responsible for preparing payroll. Because the 3 individuals had no control over payroll duties, these over-payments are not included in **Exhibit A**.

Payroll Taxes – As previously stated, within months after their appointment, 2 new Board members became aware of certain financial problems the Center faced. The concerns included unpaid payroll taxes. As illustrated by **Appendix 1**, Ms. Mayo provided a written statement to the Board in December 2008 which stated, "Payroll taxes were totally messed up in 2006. I accept full responsibility for this mismanagement. I paid other bills, not thinking through the consequences of what I was doing. These are being caught up."

We obtained a copy of a notice from the Internal Revenue Service dated August 6, 2009. Based on the notice, it is clear federal withholding taxes for the Center's employees were not properly remitted for the quarters ended March 31, 2007 through December 31, 2008. According to the notice, the Center's unpaid taxes with penalties and interest totaled \$251,305.66 as of August 6, 2009. Any additional notices issued after this date were not readily available. Of that amount, penalties totaled \$1,608.93 and interest totaled \$1,469.62. A copy of the notice is included in **Appendix 2**. According to a Board member, the Center does not have any funds to pay the outstanding obligations. The \$251,305.66 is included in **Exhibit A** as a footnote.

In addition, we obtained a copy of a notice issued to the Center by the Iowa Department of Revenue regarding delinquent withholding taxes. Based on the notice, state withholding taxes totaling \$13,746.00 were not properly remitted as of September 29, 2009. Any additional notices issued after this date were not readily available. The notice does not identify the time period for which the taxes are due or if any amount of the total due is related to penalties and interest. A copy of the notice is included in **Appendix 3**. According to a Board member, the Center does not have any funds to pay the outstanding obligation. The \$13,746.00 is included in **Exhibit A** as a footnote.

We also obtained copies of notices from the Iowa Department of Inspections and Appeals (DIA) identifying fines or overpayments. We determined the Center was issued a citation in the amount of \$500.00 for noncompliance with DIA requirements. Also, based on a routine final audit of Residential Care Facilities records, DIA determined the Center received overpayments regarding exceptions to reserve beds, payment errors and patient days totaling \$4,464.64. As a result, DIA requested a refund in the amount of \$4,464.64. According to a Board member, the Center does not have the funds to pay the outstanding obligations. The \$4,464.64 is included in **Exhibit A** as a footnote.

We were unable to determine if there were any outstanding obligations from Iowa Workforce Development or for worker's compensation due to the lack of supporting documentation.

Because the Center no longer exists, the outstanding obligations will not be satisfied.

Improper Reimbursements - According to a Board member we spoke with, the Board did not have a written policy regarding reimbursement of mileage or for purchases such as rolls, gifts or flowers. According to the Board member, employees were not eligible to receive mileage for transporting residents because the Center owned 2 vehicles. However, it seemed reasonable to the Board members for items such as rolls, gifts and flowers to be purchased.

Reimbursements to Ms. Mayo – According to a Board member, the Board was not aware Ms. Mayo was receiving reimbursements. Because Ms. Mayo was able to make purchases directly with the Center's funds, there would not be a reason for making purchases with personal funds for which she would be subsequently reimbursed.

We identified 41 reimbursements issued to Ms. Mayo from January 1, 2000 through April 30, 2009, which is the period information from the Center's accounting system was available. Supporting documentation was not available for any of the payments and we did not find the Board approved the reimbursements. As a result, we relied on discussions with Center representatives and descriptions reported in the Center's accounting system to determine if the payments were reasonable. The 41 reimbursements and their respective descriptions are listed in **Exhibit D**.

We determined 7 of the 41 reimbursements did not have descriptions in the accounting system and Center representatives could not explain the purpose for the 7 reimbursements. The 7 reimbursements, which total \$3,715.80, ranged in amounts from \$89.56 to \$1,700.00 and are classified as improper.

The remaining 34 reimbursements had a description in the accounting system, such as mileage, rolls, gifts for staff, bonus, cash for tokens and flowers. Of the 34 reimbursements, 5 were described as a going away party for an employee, gifts for residents, staff Christmas party and flowers/gift. Based on discussions with a Board member, the 5 reimbursements, which total \$297.74, appeared reasonable.

The description for 13 of the reimbursements included a specific number of miles or location. Board members we spoke with were unable to identify a reason for the mileage. It is reasonable Ms. Mayo may have driven her own vehicle to attend meetings or other events for the Center's benefit. However, the 13 reimbursements were not supported by appropriate documentation. As a result, the reimbursements are classified as unsupported. The 13 reimbursements total \$512.80.

The remaining 16 reimbursements were described only as "mileage" or did not have enough information to determine if the reimbursement was reasonable. As a result, the 16 reimbursements, which total \$887.50, are classified as improper.

The 23 reimbursements we identified as improper are listed in **Exhibit D**. As illustrated by the **Exhibit**, the 23 reimbursements total \$4,603.30. This amount is included in **Exhibit A**. The \$512.80 of unsupported reimbursements are also included in **Exhibit A**.

Ms. Kriegel – As previously stated, employees were not eligible to receive reimbursement for mileage for transporting residents. However, we identified 29 reimbursements to Ms. Kriegel between January 1, 2000 and April 30, 2009. Supporting documentation was not available for any of the payments and we did not find the Board approved the reimbursements. As a result, we relied on discussions with Center representatives and descriptions included in the Center's accounting system to determine if the payments were reasonable. The 29 reimbursements and their respective descriptions are listed in **Exhibit E**.

We determined 10 of the 29 reimbursements did not have descriptions in the accounting system and Center representatives could not explain the purpose for the 10 reimbursements. The 10 reimbursements, which total \$296.10, range in amounts from \$5.25 to \$75.00 and are classified as improper.

The remaining 19 reimbursements had a description in the accounting system such as mileage, petty cash, lunch, medication bins and fall decorations. Of the 19

reimbursements, the 2 for medication bins and petty cash appeared reasonable. These reimbursements total \$36.82.

The description for 6 of the 18 reimbursements included a specific number of miles and mileage rate or a location; however, additional information was not available. Board members we spoke with were unable to identify a reason for the mileage. It is reasonable Ms. Kreigel may have driven her own vehicle for the Center's benefit. However, because the 6 reimbursements were not supported by appropriate documentation, the reimbursements are classified as unsupported. The 6 reimbursements total \$108.44.

The remaining 11 reimbursements were described only as "mileage" or did not have enough information to determine if the reimbursement was reasonable. As a result, the 10 reimbursements, which total \$342.64, are classified as improper.

The 21 reimbursements we identified as improper are listed in **Exhibit E**. As illustrated by the **Exhibit**, the 21 reimbursements total \$638.74. This amount is included in **Exhibit A**. The \$145.26 of unsupported reimbursements are also included in **Exhibit A**.

Non-Sufficient Funds Fees – During our review of the Center's checking accounts, we identified 22 instances in which a non-sufficient funds fee was charged. **Table 5** lists the fees by date. It was Ms. Mayo's responsibility to ensure there were sufficient funds in the Center's checking accounts to honor the payments made. The \$1,335.00 is included in **Exhibit A**.

		Table 5	
Date	Amount	Date	Amount
08/22/06	\$ 23.00	08/14/07	25.00
08/23/06	92.00	05/15/08	25.00
12/28/06	23.00	06/30/08	50.00
12/29/06	115.00	07/01/08	50.00
01/02/07	46.00	07/02/08	75.00
01/03/07	46.00	07/07/08	125.00
01/05/07	115.00	07/08/08	75.00
03/19/07	125.00	07/09/08	50.00
07/03/07	50.00	07/10/08	25.00
08/07/07	100.00	07/11/08	50.00
08/10/07	25.00	07/15/08	25.00
Total			<u>\$1,335.00</u>

Payments to vendors – According to a Board member, the Center's bills were to be approved by the Board during its meetings. However, we were unable to locate any of the bill listings and the minutes from the Board meetings available for our review did not document any discussion of bill listing approval. As a result, we are unable to determine if the bills were approved by the Board prior to payment.

As previously stated, we traced certain disbursements from December 1, 2003 to April 30, 2009 to supporting documentation, when available. However, as previously stated, invoices or other documentation was not available to support a significant number of payments from the Center's checking accounts. With the exception of the

pay checks and payments on credit card accounts discussed previously, by scanning the images of the checks redeemed from the Center's checking accounts, we did not identify any payments to unusual vendors or payments which were unusual in frequency or amount or with unusual notations or descriptions. We also discussed the payments with a Board member and a County official familiar with the Center's operations.

In addition to the lack of supporting documentation, we identified several concerns about the record keeping maintained by Ms. Mayo. Specifically, we identified:

- unopened invoices,
- invoices or other appropriate documentation which could not be located,
- credit card charges not supported by receipts,
- invoices showing late fees and finance charges and
- invoices showing delinquent balances for an extended period of time.

The late fees and penalties identified total \$226.16 and are listed in **Table 6**. The **Table** also includes the date, check number, vendor, check amount, late fee and penalties. The late fees and penalties identified total \$226.16.

Table 6

Check Date	Check Number	Vendor	Check Amount	Late Fee	Penalty	Total
02/22/06	18694	Independent Insurance Services	\$ 101.50	-	1.50	1.50
10/03/06	19291	Mr. & Mrs. C's	13.60	-	1.00	1.00
10/02/07	20201	Medicap Pharmacy	338.89	-	4.29	4.29
02/12/08	20504	Z Line Ltd.	393.66	-	15.14	15.14
04/08/08	20618	Alliant Utilities	12,825.21	135.64	-	135.64
05/06/08	20691	Z Line Ltd.	23.50	-	.50	.50
06/01/08	20748	Alliant Utilities	3,253.87	48.09	-	48.09
08/15/08	20926	Alliant Utilities	9,168.77	-	15.00	15.00
11/20/08	21144	U.S. Cellular	226.11	5.00	-	5.00
Total				\$ 188.73	37.43	226.16

As the Administrator, Ms. Mayo was responsible for reviewing vendor invoices and ensuring all invoices were paid in a timely manner. Because Ms. Mayo was responsible for ensuring payments were submitted timely, we have included the \$226.16 of late fees and penalties in **Exhibit A** as improper.

COLLECTIONS

As previously stated, the Center's primary revenue sources included payments made directly by residents or their families, payments by the residents' County of legal residence and payments made on behalf of the residents by the Social Security Administration (SSA). Some funds are also received from donations.

Payments from SSA – Some of the residents at the Center were eligible for benefits from SSA. These benefits were mailed directly to the Center and should have been deposited in the Operating account.

For the period July 1, 2007 through April 30, 2009, 22 residents at the Center received Social Security or Supplemental Security Income. We confirmed the payments sent by SSA to the 22 residents to determine if benefit payments were properly deposited to the Center's Operating account or Resident Trust account.

We identified 3 payments totaling \$770.00 which were not properly deposited. **Table 7** lists the 3 payments from the SSA which could not be traced to a deposit in the Center's Operating account or the Resident Trust account. The payments, which total \$770.00, are included in **Exhibit A**.

Table 7	
Month/Year	Amount
August 2007	\$ 34.00
September 2007	93.00
October 2007	643.00
Total	<u>\$ 770.00</u>

As previously stated, the Center maintained resident account ledgers for each resident which documented the amount billed to each resident, the amount collected and any outstanding balance. We compared payments received from SSA to the resident account ledgers to determine if the ledgers were complete and accurate. We determined the resident account ledgers were not complete for 9 residents, which resulted in 21 payments from SSA not being properly recorded. However, because the payments were deposited in the Center's Operating account or the Resident Trust account, the residents received all their benefits, as appropriate. As a result, this amount is not included in **Exhibit A**.

Payments from Counties – Depending on the financial resources of the residents, the County of legal residence is responsible to share in the cost of caring for residents at various facilities as a last resource. We confirmed payments from certain counties to determine if all warrants issued to the Center were deposited to the Center's Operating account.

We identified 3 warrants which were not deposited in a timely manner but were deposited in the Center's Operating account. Of the 3 warrants, 2 were issued to the Center in April 2008 but were not redeemed until April 2009. The remaining warrant was issued to the Center on September 15, 2008 but was not redeemed until May 5, 2009. We were unable to determine why the warrants were not deposited in a timely manner. Ms. Mayo's job responsibilities included timely deposit of Center receipts.

Payments from Residents – If a resident does not receive benefits from SSA or their County of legal residence, the resident is responsible for charges incurred for staying at the Center. Representatives of the Center identified the residents who are classified as "private pays." We traced payments from the residents to deposit in the Center's Operating account. We did not identify any payments which were not properly deposited. As a result, we did not expand our testing to additional payments.

ADDITIONAL INFORMATION

Minutes of Board Meetings – During our investigation, we were able to locate Board meeting minutes in Ms. Mayo's office for October 2008 through March 2009. However, we were unable to locate minutes prior to October 2008 and April 2009. As a result, we are unable to determine if bill listings were provided to the Board for review.

RECOMMENDED CONTROL PROCEDURES

As part of our investigation, we reviewed the procedures used by Country Living Care Center (the Center) to perform bank reconciliations and process receipts, disbursements and payroll. An important aspect of internal control is to establish procedures that provide accountability for assets susceptible to loss from error and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations.

We observed a consistent lack of internal controls, including segregation of duties, a lack of oversight by an independent Board of Directors and inadequate financial accounting records and supporting documentation. Because the Center is no longer in operation, we have identified our control findings without recommendations.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The former Administrator had control over each of the following areas:
- (1) Receipts – collecting, posting, deposit preparation and depositing.
 - (2) Disbursements – check preparation, signing, posting and distribution.
 - (3) Payroll – check preparation, signing, posting and distribution.
 - (4) Reporting – preparation of Board minutes and financial reports.

In addition, beginning in August 2007, Ms. Kriegel prepared, signed, posted and distributed all payroll checks for the Center. Ms. Mayo and Ms. Kriegel were the only individuals who signed checks issued from the Center's account. A countersignature was not required.

- B. Financial Accounting Records – Limited financial records were maintained by the Center for the period of our review. The following conditions were identified:
- 1) Pre-numbered receipts were not issued for collections from donations.
 - 2) Disbursements were not approved or documented in the minutes of Board meetings.
 - 3) Monthly bank account reconciliations were not completed and bank statements were not reviewed by an individual independent of the Center's financial transactions.
 - 4) Financial reports detailing bank balances submitted at the monthly Board meetings were not supported by accounting records.
- C. Payroll – During review of payroll, we identified the following conditions:
- (1) Time cards were missing clock punches and/or had handwritten times.
 - (2) Employees were not properly adjusting time cards when an unpaid 30 minute lunch was required.
 - (3) The total hours recorded on the time cards were not properly calculated.

- (4) Overtime hours were not approved or reviewed for reasonableness and appropriateness.
 - (5) Payroll withholdings in the accounting system did not agree with withholdings reported on W-2 forms.
- D. Minutes of Board Meetings – During our review of minutes, we determined:
 - (1) Not all meeting minutes could be located.
 - (2) Attachments to the minutes, such as budget summary reports, were not filed with the minutes.
 - (3) Disbursements were not presented to the Board for its approval.
 - (4) Authorized salaries and pay increases were not all documented in the minutes.
- E. Supporting documentation – During our review of the financial activity, we were unable to locate supporting documentation for all collections and disbursements. In addition, we determined disbursements were not supported by invoices or other appropriate documentation. The unsupported disbursements include salary and reimbursements to the former Administrator.
- F. Payroll Withholdings and Taxes – The former Administrator was not timely in filing wage reports with the IRS, the Iowa Department of Revenue and Iowa Workforce Development. In addition, the former Administrator did not consistently properly withhold payroll taxes from employees' pay.
- G. Credit Cards – The Center had 2 credit card accounts. We identified several purchases made with the credit cards which were not supported by adequate documentation. In addition, we determined the Center incurred past due/late fees and finance charges because the former Administrator did not pay the balance on the cards each month and/or did not make payments in a timely manner. The Center did not have a written credit card policy.
- H. Timely Deposits – The Center received payments from Counties of legal residence for Center residents. During our review, we identified 3 payments which were not deposited timely.
- I. Undeposited Collections – The Center received payments from SSA for certain residents. Funds received are to be deposited into the Center's operating account. We identified \$770.00 of checks received from SSA not deposited in the Center's Operating account or Residents Trust account.
- J. Non-Sufficient Funds Fees – We identified 22 charges totaling \$1,335.00 assessed by the bank as a result of insufficient funds. We also identified the Center's accounting software check numbers did not agree with check numbers clearing the bank.

Exhibits

Report on Special Investigation of the
Country Living Care Center

Summary of Findings
For the period July 1, 2007 through April 30, 2009

Description	Exhibit/Table /Page	Improper	Unsupported	Total
Improper and unsupported disbursements:				
Credit cards:				
Capital One	Exhibit B	\$ 7,838.32	-	7,838.32
MasterCard	Exhibit C	6,801.18	-	6,801.18
Payroll:				-
Terri Mayo	Page 10	7,068.39	-	7,068.39
Brandi Kriegel	Page 12	345.86	-	345.86
Improper reimbursements:				-
Terri Mayo	Exhibit D	4,603.30	512.80	5,116.10
Brandi Kriegel	Exhibit E	638.74	145.26	784.00
Non-sufficient funds fees	Table 5	1,335.00	-	1,335.00
Payments to vendors	Table 6	226.16	-	226.16
Subtotal improper and unsupported disbursements		28,856.95	658.06	29,515.01
Less: payments not from the Center's accounts	Page 8	(2,446.22)	-	(2,446.22)
Net subtotal improper and unsupported disbursements		26,410.73	658.06	27,068.79
Undeposited collections	Table 7	770.00	-	770.00
Net total		\$27,180.73	658.06	27,838.79

Note: As a result of Ms. Mayo not performing her job duties, the Center had several outstanding obligations at the time Genesis Development assumed responsibility for the Center. The obligations totaled \$269,516.30 and included an obligation to the Internal Revenue Service for \$251,305.66 as of August 6, 2009. Of that amount, penalties totaled \$1,608.93 and interest totaled \$1,469.62. In addition, the Center owed the State of Iowa \$13,746.00 for withholding taxes and \$4,464.64 to the Department of Inspections and Appeals.

Report on Special Investigation of the
Country Living Care Center

Capital One Credit Card Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement

Transaction		Purchase	Membership	Past Due
Date	Transaction Description**	Amount	Fees	Fees
12/29/01	WM SUPERCENTER ANKENY IA	\$ 100.52	-	-
01/05/02	JCPENNEY CO 1220 WATERLOO IA	42.77	-	-
01/28/02	HYVEE - MARSHALLTOWN #14 MARSHALLTOWN IA	94.35	-	-
03/12/02	KOHL'S DEPT STORE #501 CEDAR FALLS IA	74.89	-	-
05/12/02	DDTC-MARSHALLTOWN, INC MARSHALLTOWN IA	25.57	-	-
05/22/02	KMART 00075838 MARSHALLTOWN IA	54.96	-	-
06/10/02	ADVENTURES IN CERAMICS VENICE CA	75.30	-	-
06/25/02	COPYWORKS-CEDAR FALLS CEDAR FALLS IA	13.86	-	-
07/15/02	APPLEBEES 19010123 MARSHALLTOWN IA	35.71	-	-
07/23/02	HOBBY-LOBBY #0178 WATERLOO IA	153.36	-	-
09/24/02	LA CARRETA MARSHALLTOWN IA	18.44	-	-
09/27/02	EGI*BALDWIN COOKE 800-979-9676 IL	350.96	-	-
10/14/02	FIRESIDE BAR & GRILL TOLEDO IA	19.06	-	-
11/22/02	RADIO SHACK 00160424 CEDAR RAPIDS IA	37.05	-	-
11/22/02	WALDENBOOKS #909 CEDAR RAPIDS IA	31.74	-	-
12/11/02	KMART 00075838 MARSHALLTOWN IA	95.81	-	-
12/12/02	CAPITAL ONE MEMBER FEE	-	29.00	-
12/28/02	MENARDS CEDAR RAPIDS S CEDAR RAPIDS IA	75.00	-	-
12/28/02	PIER 1 #211 00003855 CEDAR RAPIDS IA	75.26	-	-
12/28/02	TARGET 00017715 CEDAR RAPIDS	124.72	-	-
01/01/03	BEST WESTERN HOTELS MARSHALLTOWN IA	379.98	-	-
01/08/03	FASHION BUG 00029025 MARSHALLTOWN IA	407.38	-	-
01/30/03	APPLEBEES 19010123 MARSHALLTOWN IA	84.15	-	-
02/02/03	WM SUPER CENTER MARSHALLTOWN IA	307.02	-	-
02/04/03	DES MOINES SPAGHETTI W DES MOINES IA	38.21	-	-
02/22/03	TARGET 00017715 CEDAR RAPIDS IA	130.39	-	-
03/13/03	LASTING IMPRESSIONS AMES IA (Tattoo parlor)	50.00	-	-
03/13/03	LASTING IMPRESSIONS AMES IA (Tattoo parlor)	120.00	-	-
03/18/03	DELL CATALOG SALES, L. 800-624-9897 TX	480.00	-	-
03/18/03	DELL CATALOG SALES, L. 800-624-9897 TX	1,009.70	-	-
05/01/03	WALDENBOOKS #529 MARSHALLTOWN IA	21.91	-	-
05/11/03	MENARDS MARSHALLTOWN MARSHALLTOWN IA	60.07	-	-
05/20/03	KMART 00075838 MARSHALLTOWN IA	41.31	-	-
05/28/03	PIZZA HUT 85043297 GRINNELL IA	28.80	-	-
06/04/03	WM SUPER CENTER MARSHALLTOWN IA	87.20	-	-

Reasonable	Improper
-	100.52
-	42.77
-	94.35
-	74.89
-	25.57
-	54.96
-	75.30
13.86	-
-	35.71
-	153.36
-	18.44
-	350.96
-	19.06
-	37.05
-	31.74
-	95.81
-	29.00
-	75.00
-	75.26
-	124.72
-	379.98
-	407.38
-	84.15
-	307.02
-	38.21
-	130.39
-	50.00
-	120.00
480.00	-
1,009.70	-
-	21.91
-	60.07
-	41.31
-	28.80
-	87.20

Report on Special Investigation of the
Country Living Care Center

Capital One Credit Card Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement

Transaction Date	Transaction Description**	Purchase Amount	Membership Fees	Past Due Fees
08/02/03	DIAMOND DAVES MARSHALLTOWN IA	24.29	-	-
08/07/03	KAY JEWELERS #281 MARSHALLTOWN IA	137.79	-	-
08/07/03	WALDENBOOKS #529 MARSHALLTOWN IA	38.11	-	-
08/07/03	WM SUPER CENTER MARSHALLTOWN IA	135.82	-	-
08/22/03	TMI*TAFFORD UNIFORM 800-283-0065 PA	105.90	-	-
08/31/03	KOHL'S #0217 CEDAR RAPIDS IA	197.69	-	-
09/28/03	MN RENAISSANCE CKC SHAKOPPEE MN	66.25	-	-
09/28/03	SHELL OIL 34114220325 ALBERT LEA MN	27.06	-	-
10/23/03	DIV OF CRIMINAL INVEST DES MOINES IA	13.00	-	-
12/03/03	MENARDS MARSHALLTOWN IA	119.49	-	-
12/12/03	CAPITALON MEMBER FEE	-	29.00	-
12/29/03	DAYS INN FARMER CITY IL	44.50	-	-
12/31/03	KMART 0075838 MARSHALLTOWN IA	297.29	-	-
01/10/04	TARGET 00011130 CORALVILLE IA	221.04	-	-
01/21/04	BIG LOTS #016400016428 MARSHALLTOWN IA	74.08	-	-
01/21/04	QT #534 04005344 DES MOINES IA	16.84	-	-
02/12/04	PAST DUE FEE	-	-	29.00
02/13/04	KWIK STAR 60700006072 MARSHALLTOWN IA	26.40	-	-
02/23/04	NAT'L TEC INFO SERVICE SPRINGFIELD VA	17.00	-	-
03/11/04	FREIBERG PRESS INCE 309-290-7731 IA	47.00	-	-
03/31/04	TRAVELOCITY COM 800-2569089 TX	5.00	-	-
03/31/04	UNITED AIR 0167495482 SAN ANTONIO TX	786.50	-	-
04/09/04	PIZZA HUT 85043503 BELLE PLAINE IA	28.59	-	-
04/14/04	HOBBY LOBBY #172 CORALVILLE IA	5.76	-	-
06/17/04	DIV OF CRIMINAL INVEST DES MOINES IA	13.00	-	-
07/02/04	MARTIN BROTHERS DISTRI CEDAR FALLS IA	57.40	-	-
09/03/04	MCAFEE COM 866-622-3911 CA	34.99	-	-
09/16/04	KWIK STAR 60700006072 MARSHLLTWN IA	15.03	-	-
09/22/04	DIV OF CRIMINAL INVEST DES MOINES IA	13.00	-	-
10/08/04	KWIK STAR 60700006072 MARSHLLTWN IA	24.75	-	-
11/23/04	3174 PAMIDA IN11031747 TOLEDO IA	41.75	-	-
12/12/04	CAPITAL ONE MEMBER FEE	-	29.00	-
12/16/04	DIAMOND DAVES MARSHALLTOWN IA	22.10	-	-
12/16/04	KMART 00075838 MARSHALLTOWN IA	433.80	-	-

Reasonable	Improper
-	24.29
-	137.79
-	38.11
-	135.82
105.90	-
-	197.69
-	66.25
-	27.06
13.00	-
-	119.49
-	29.00
-	44.50
-	297.29
-	221.04
-	74.08
16.84	-
-	29.00
26.40	-
17.00	-
47.00	-
-	5.00
-	786.50
-	28.59
-	5.76
13.00	-
57.40	-
34.99	-
15.03	-
13.00	-
24.75	-
-	41.75
-	29.00
-	22.10
-	433.80

Report on Special Investigation of the
Country Living Care Center

Capital One Credit Card Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement

Transaction Date	Transaction Description**	Purchase Amount	Membership Fees	Past Due Fees
01/13/05	SAM GOODY 03906088 MARSHALLTOWN IA	87.71	-	-
01/13/05	YOUNKERS #0004 MARSHALLTOWN IA	88.16	-	-
01/20/05	INTUIT *11018243 800-446-8848 CA	429.00	-	-
01/22/05	BRY*CHADWICK TEL ORD 800-525-4420 IN	67.97	-	-
01/22/05	PAYPAL *WISCERBIS 402-935-7733 CA	46.65	-	-
01/25/05	FREIBERG PRESS INC 319-553-0642 IA	55.00	-	-
01/27/05	KOHL'S #0500 CORALVILLE IA	114.44	-	-
01/31/05	THE ARTISTIC SHOP 262-691-1353 WI	133.87	-	-
04/14/05	ORIENTAL TRADING CO 800-2280475 NE	50.64	-	-
06/29/05	DIAMOND DAVES MARSHALLTOWN IA	35.02	-	-
07/14/05	PIZZA HUT 00043299 GRINNELL IA	25.91	-	-
08/04/05	MCAFFE.COM 866-622-3911 CA	39.99	-	-
08/09/05	APPLEBEE'S MAR00210120 MARSHALLTOWN IA	49.51	-	-
08/11/05	FRESH START 00 OF 304-2950819 WV	80.00	-	-
08/12/05	PAST DUE FEE	-	-	29.00
09/12/05	PAST DUE FEE	-	-	29.00
12/12/05	CAPITAL ONE MEMBER FEE	-	39.00	-
12/22/05	TC *G.NEIL 800-888-4040 FL	47.78	-	-
01/18/06	INTUIT *CB PAYROLL 800-446-8848 CA	429.00	-	-
06/12/06	PAST DUE FEE	-	-	29.00
07/12/06	PAST DUE FEE	-	-	29.00
08/04/06	MCAFEE.COM 866-622-3911 CA	34.99	-	-
09/12/06	PAST DUE FEE	-	-	29.00
12/12/06	CAPITAL ONE MEMBER FEE	-	39.00	-
01/19/07	INTUIT*QB PAYROLL 800-466-8848 CA	429.00	-	-
03/14/07	PAST DUE FEE	-	-	29.00
04/12/07	PAST DUE FEE	-	-	29.00
06/12/07	PAST DUE FEE	-	-	29.00
07/12/07	PAST DUE FEE	-	-	29.00
08/04/07	MCAFEE.COM 866-622-3911	39.99	-	-
09/12/07	PAST DUE FEE	-	-	29.00
10/12/07	PAST DUE FEE	-	-	39.00
11/12/07	PAST DUE FEE	-	-	39.00

Reasonable	Improper
-	87.71
-	88.16
429.00	-
-	67.97
-	46.65
55.00	-
-	114.44
-	133.87
-	50.64
-	35.02
-	25.91
39.99	-
-	49.51
-	80.00
-	29.00
-	29.00
-	39.00
-	47.78
429.00	-
-	29.00
-	29.00
34.99	-
-	29.00
-	39.00
429.00	-
-	29.00
-	29.00
-	29.00
-	29.00
39.99	-
-	29.00
-	39.00
-	39.00

Report on Special Investigation of the
Country Living Care Center

Capital One Credit Card Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement				
Transaction		Purchase	Membership	Past Due
Date	Transaction Description**	Amount	Fees	Fees
12/03/07	LEM PRODUCTS 513-202-1188 OH	57.95	-	-
12/12/07	CAPITAL ONE MEMBER FEE	-	39.00	-
12/13/07	JCPENNEY STORE 1228 MARSHALLTOWN IA	96.29	-	-
01/01/08	PAMIDA 11031747 TOLEDO IA	57.62	-	-
01/08/08	INTUIT *CHECKS/800-446-8848 CA	249.97	-	-
01/09/08	INTUIT *SOFTWARE SUPPLY 800-446-8848 CA	173.97	-	-
01/12/08	PAST DUE FEE	-	-	39.00
03/12/08	PAST DUE FEE	-	-	39.00
05/12/08	PAST DUE FEE	-	-	39.00
07/12/08	PAST DUE FEE	-	-	39.00
08/04/08	MCAFEE.COM 866-622-3911 CA	39.99	-	-
09/12/08	PAST DUE FEE	-	-	39.00
10/13/08	PAST DUE FEE	-	-	15.00
12/18/08	CAPITAL ONE MEMBER	-	39.00	-
Total		\$ 10,797.09	243.00	607.00

** - Italicized information is the auditor's notation.

Reasonable	Improper
-	57.95
-	39.00
-	96.29
-	57.62
249.97	-
173.97	-
-	39.00
-	39.00
-	39.00
-	39.00
39.99	-
-	39.00
-	15.00
-	39.00
<u>3,808.77</u>	<u>7,838.32</u>

Exhibit C

Report on Special Investigation of the
Country Living Care Center

MasterCard Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement					
Transaction		Purchase	Finance Charges		
Date	Transaction Description**	Amount	and Late Fees	Reasonable	Improper
01/09/02	G Neil Direct Mail, IN 800-888-4040 FL	\$ 32.59	-	-	32.59
01/17/02	Diamond International Orange CA	29.95	-	-	29.95
02/11/02	Intuit*Taxtable SRVC 800-644-8371 CA	166.45	-	166.45	-
02/16/02	Diamond International Orange CA	29.95	-	-	29.95
02/21/02	GRP & Associates Inc 641-3572566 IA	39.95	-	39.95	-
02/26/02	Nat'l Tec Info Service Springfield VA	62.00	-	62.00	-
03/06/02	Ben Franklin #80590219 Marshalltown IA	76.16	-	-	76.16
03/12/02	Red Lobster US00002618 Cedar Falls IA	33.72	-	-	33.72
03/13/02	Intuit*Taxtable SRVC 800-644-8371 CA	89.20	-	89.20	-
03/18/02	Diamond International Orange CA	29.95	-	-	29.95
03/18/02	Wal Mart SE2 Marshalltown IA	239.95	-	-	239.95
03/19/02	Blair * 800-458-6057 PA	19.99	-	-	19.99
03/21/02	Blair * 800-458-6057 PA	79.96	-	-	79.96
03/21/02	Happy Chef Toledo IA	30.56	-	-	30.56
04/04/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
04/04/02	Eymann Publications, I Sparks NV	46.00	-	46.00	-
04/08/02	Htl Movie 800 255 1143 Ames IA	9.91	-	-	9.91
04/09/02	Htl Movie 800 255 1143 Ames IA	9.91	-	-	9.91
04/09/02	Red Lobster US00007476 Ames IA	37.32	-	-	37.32
04/12/02	Comfort Inns Suites Ames	227.70	-	-	227.70
04/17/02	Diamond International Orange CA	29.95	-	-	29.95
04/26/02	Target 0017SMM Cedar Rapids IA	174.53	-	-	174.53
05/02/02	Intuit*Checks&Forms 800-433-8810 CA	229.98	-	229.98	-
05/09/02	Beach Mart Inc St Petersburg FL	52.40	-	-	52.40
05/10/02	Walmart Casselberry FL	103.63	-	-	103.63
05/17/02	Hobby Lobby #0178 Waterloo IA	15.47	-	-	15.47
05/22/02	Diamond Vogel Paint #2 Ankeny IA	16.85	-	-	16.85
06/14/02	Drugtwn Marshalltown #7	36.15	-	-	36.15
06/14/02	Drugtwn Marshalltown #7	42.92	-	-	42.92
06/14/02	WM SE2 Marshalltown IA	64.80	-	-	64.80
06/21/02	DDTC-Marshalltown, Inc	26.09	-	-	26.09
07/01/02	GRP & Associates Inc Clear Lake IA 6413572566 IA	39.95	-	39.95	-
07/02/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
07/11/02	Cross Country Univ 615-3314422 T	167.00	-	167.00	-
07/26/02	La Carreta Marshalltown IA	60.72	-	-	60.72
08/03/02	Staples #461 Marshalltown IA	143.41	-	-	143.41
08/13/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-

Report on Special Investigation of the
Country Living Care Center

MasterCard Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement					
Transaction		Purchase	Finance Charges		
Date	Transaction Description**	Amount	and Late Fees	Reasonable	Improper
08/28/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
09/06/02	TMI*Tafford Uniform 800-283-0065 PA	100.90	-	100.90	-
09/20/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
09/23/02	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
09/27/02	Nat'l Tec Info Service Springfield VA	54.00	-	54.00	-
10/13/02	DRL*Carol Wright Gifts 732-287-8833 NJ	36.23	-	-	36.23
11/16/02	Casey's GNRL STRE 1985 St Ansgar IA	25.01	-	25.01	-
12/02/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
12/05/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
12/07/02	Kirkland's #254 Coralville IA	10.49	-	-	10.49
12/07/02	Target 00011130 Coralville IA	131.05	-	-	131.05
12/09/02	Old Navy On-Line 614-5642000 OH	57.70	-	-	57.70
12/11/02	Kmart 00075838 Marshalltown IA	42.39	-	-	42.39
12/30/02	Div of Criminal Invest Des Moines	13.00	-	13.00	-
01/17/03	Intuit*QBPAYROLL 866-223-5562 CA	199.00	-	199.00	-
02/11/03	BN*Barnes and Noble.com 800-843-2665 NJ	2.36	-	-	2.36
02/13/03	BN*Barnes and Noble.com 800-843-2665 NJ	43.12	-	-	43.12
02/25/03	Intuit*Checks&Forms 800-433-8810 CA	138.49	-	138.49	-
03/11/03	BN*Barnes and Noble.com 800-843-2665 NJ	47.51	-	-	47.51
03/20/03	Radisson Des Moines IA	110.88	-	-	110.88
03/27/03	JCPenny Catalog 800-221-8019 KS	182.22	-	-	182.22
04/03/03	Diamond Dave's Marshalltown IA	20.70	-	-	20.70
04/17/03	Unique Finance Riverside CA	65.94	-	-	65.94
05/05/03	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
05/17/03	Classic Nails Marshalltown IA	26.50	-	-	26.50
06/14/03	Target 00014472 Cincinnati OH	87.60	-	-	87.60
06/15/03	Ohio Renaissance Festival Wilmington OH	38.16	-	-	38.16
06/16/03	BP Oil 12857546 Mt Sterling OH	35.13	-	-	35.13
06/17/03	Moon Mountain Montpelier VT	80.00	-	-	80.00
06/18/03	BP Oil	14.94	-	-	14.94
06/26/03	MFI*MyFamily/Ancestrys 800-262-3787 UT	9.95	-	-	9.95
07/01/03	US Toy/Costr Plaything Grandview MO	57.50	-	-	57.50
07/08/03	Classic Nails Marshalltown IA	56.71	-	-	56.71
07/09/03	Johnny's Italian Steakhouse Des Moines IA	30.00	-	-	30.00
07/09/03	Radisson Des Moines IA	165.65	-	-	165.65

Exhibit C

Report on Special Investigation of the
Country Living Care Center

MasterCard Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement					
Transaction		Purchase	Finance Charges		
Date	Transaction Description**	Amount	and Late Fees	Reasonable	Improper
07/10/03	EGI*Baldwin Cooke 800-979-9676 IL	263.49	-	-	263.49
07/18/03	Uptown Lounge & Supper Gladbrook IA	12.33	-	-	12.33
07/24/03	Menards Marshalltown IA	122.15	-	-	122.15
07/26/03	Diamond Dave's Marshalltown IA	34.47	-	-	34.47
07/29/03	US Toy/Costr Plaything Grandview MO	24.70	-	-	24.70
08/17/03	WM Supercenter SE2 Marshalltown IA	214.60	-	-	214.60
08/28/03	T.S. Enterprises Tel 4809869822 AZ	15.00	-	-	15.00
10/02/03	The Foundation Center 212-807-3631 NY	80.00	-	-	80.00
10/10/03	Happy Chef Toledo IA	15.42	-	-	15.42
10/11/03	Mr. & Mrs. C's Tama IA	23.53	-	-	23.53
10/11/03	The Hotel at Gateway C Ames IA	231.86	-	-	231.86
11/10/03	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
11/28/03	JCPenny Catalog 800-221-8019 KS	195.00	-	-	195.00
01/11/04	Intuit*Checks/Forms 800-433-8810 CA	208.73	-	208.73	-
01/16/04	Pamida Inc 11031747 Toledo Ia	32.34	-	-	32.34
01/19/04	Intuit*QBPAYROLL 866-223-5562 CA	199.00	-	199.00	-
01/27/04	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
02/15/04	WM Supercenter SE2 Marshalltown IA	153.13	-	-	153.13
03/12/04	Kwik Star 71000007104 Toledo IA	19.42	-	19.42	-
03/19/04	Div of Criminal Invest Des Moines	13.00	-	13.00	-
03/24/04	Applebees 00210120 Marshalltown IA	33.14	-	-	33.14
04/06/04	Div of Criminal Invest Des Moines	13.00	-	13.00	-
04/07/04	JCPenny Catlg 9821 800-221-8019 KS	95.46	-	-	95.46
04/16/04	JCPenny Catlg 9821 800-221-8019 KS	16.79	-	-	16.79
04/19/04	JCPenny Catlg 9821 800-221-8019 KS	18.89	-	-	18.89
04/27/04	JCPenny Catlg 9821 800-221-8019 KS	34.63	-	-	34.63
05/28/04	WM Supercenter SE2 Marshalltown IA	137.90	-	-	137.90
06/08/04	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
06/10/04	MFI*MyFamily/Ancestrys 800-262-3787 U	29.95	-	-	29.95
06/11/04	Theisens of Marshalltown, Marshalltown, IA	36.02	-	-	36.02
06/21/04	WM Supercenter SE2 Marshalltown IA	117.63	-	-	117.63
07/22/04	Fields Steak House Marshalltown Ia	44.20	-	-	44.20
07/30/04	Target 00011130 Coralville IA	136.64	-	-	136.64
08/03/04	3174 Pamida IN11031747 Toledo IA	111.57	-	-	111.57
08/12/04	Fresh Start Elizabeth Townky	256.00	-	-	256.00
08/13/04	Diamond Dave's Marshalltown IA	28.59	-	-	28.59

Report on Special Investigation of the
Country Living Care Center

MasterCard Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement

Transaction		Purchase	Finance Charges	Reasonable	Improper
Date	Transaction Description**	Amount	and Late Fees		
09/15/04	Div of Criminal Invest Des Moines	13.00	-	13.00	-
09/15/04	Div of Criminal Invest Des Moines	13.00	-	13.00	-
09/16/04	Div of Criminal Invest Des Moines	26.00	-	26.00	-
10/04/04	GRP & Associates Inc Clear Lake IA	39.95	-	39.95	-
10/07/04	Kwik Star 71000007Q99 Toledo IA	25.18	-	25.18	-
10/21/04	Pizza Hut 06043Q00 Grinnell IA	51.05	-	-	51.05
10/30/04	Intuit*8960085 800-446-8848 CA	240.73	-	240.73	-
11/06/04	3174 Pamida IN11031747 Toledo IA	73.09	-	-	73.09
12/16/04	JCPenny Store 1228 Marshalltown IA	65.24	-	-	65.24
12/16/04	Kwik Star 39400003Q99 Marshalltown IA	26.79	-	26.79	-
01/06/05	GRP & Associates Inc Clear Lake IA	41.95	-	41.95	-
01/15/05	Intuit*10949954 800-446-8848 CA	229.00	-	229.00	-
01/20/05	Credit Voucher Intuit*15961434 800-446-8848 CA	(226.49)	-	(226.49)	-
03/22/05	Quill Corporation Lincolnshire IL	11.72	-	11.72	-
03/22/05	Quill Corporation Lincolnshire IL	6.28	-	6.28	-
03/22/05	Quill Corporation Lincolnshire IL	107.07	-	107.07	-
04/08/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
04/19/05	GRP & Associates Inc Clear Lake IA	41.95	-	41.95	-
05/18/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
05/27/05	Bluedial.com Inc Las Vegas NV	247.00	-	-	247.00
06/03/05	Barnes and Noble.com 800-843-2665 NJ	40.50	-	-	40.50
07/22/05	GRP Associates Tel 6413572566IA	41.95	-	41.95	-
07/22/05	USCell U635 RC8 Marshalltown IA	53.45	-	-	53.45
08/01/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
08/02/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
08/18/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
08/24/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
09/07/05	Finance Charge - Purchase	-	1.82	-	1.82
09/18/05	Late Fee	-	10.00	-	10.00
10/27/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
11/05/05	Intuit*Checks/Forms 800-446-8848 CA	237.23	-	237.23	-
11/16/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-
11/18/05	GRP Associates Tel 6413572566IA	41.95	-	41.95	-
12/07/05	Finance Charge - Purchase	-	3.75	-	3.75
12/08/05	Div of Criminal Invest Des Moines	13.00	-	13.00	-

Exhibit C

Report on Special Investigation of the
Country Living Care Center

MasterCard Activity
For the period July 1, 2007 through April 30, 2009

Per Credit Card Statement					
Transaction		Purchase	Finance Charges		
Date	Transaction Description**	Amount	and Late Fees	Reasonable	Improper
12/18/05	Late Fee	-	10.00	-	10.00
12/27/05	USCell CC03 RC8 Marion	115.59	-	-	115.59
01/12/06	USPS 1824160342 Toledo	53.40	-	53.40	-
02/20/06	GRP Associates Tel 6413572566IA	46.95	-	46.95	-
04/12/06	IA Criminal Record Check	13.00	-	13.00	-
04/19/06	IA Criminal Record Check	13.00	-	13.00	-
04/20/06	Ronneburg Restaurant & Amana	33.12	-	-	33.12
04/25/06	IA Criminal Record Check	13.00	-	13.00	-
06/07/06	Finance Charge - Purchase	-	1.08	-	1.08
06/18/06	Late Fee	-	10.00	-	10.00
06/22/06	IA Criminal Record Check	13.00	-	13.00	-
06/22/06	IA Criminal Record Check	13.00	-	13.00	-
06/22/06	Iowa Telecom	300.00	-	-	300.00
06/22/06	Fees 214-750-2700TX <i>(on-line fee for Telecom bill)</i>	-	2.95	-	2.95
07/10/06	Finance Charge - Purchase	-	1.08	-	1.08
07/20/06	Late Fee	-	10.00	-	10.00
08/09/06	Finance Charge - Purchase	-	6.02	-	6.02
08/20/06	Late Fee	-	10.00	-	10.00
09/08/06	Finance Charge - Purchase	-	6.02	-	6.02
10/06/06	Finance Charge - Purchase	-	1.07	-	1.07
11/07/06	Finance Charge - Purchase	-	0.21	-	0.21
10/31/07	Kirkwood Eagle Net	89.00	-	89.00	-
10/31/07	Kirkwood Eagle Net	89.00	-	89.00	-
12/04/07	TGT*Target.com	116.58	-	-	116.58
12/04/07	TGT*Target.com	95.68	-	-	95.68
12/17/07	IA Criminal Record Check	13.00	-	13.00	-
01/02/08	IA Criminal Record Check	30.00	-	30.00	-
01/04/08	IA Criminal Record Check	26.00	-	26.00	-
01/08/08	Finance Charge - Purchase	-	3.18	-	3.18
01/18/08	Late Fee	-	10.00	-	10.00
Total		\$10,275.44	87.18	3,561.44	6,801.18

** - Italicized information is the auditor's notation.

**Report on Special Investigation of the
Country Living Care Center**

Exhibit D

Report on Special Investigation of the
Country Living Care Center

Reimbursements to Terri Mayo
For the period July 1, 2007 through April 30, 2009

Check Date	Check Number	Memo per Accounting System **	Amount	Reasonable	Improper	Unsupported
02/14/00	11354	milage	\$ 50.00	-	50.00	-
03/03/00	11388	150 miles-U of I	37.50	-	-	37.50
06/06/00	11744	milage	45.00	-	45.00	-
06/30/00	11816	milage	41.25	-	41.25	-
10/10/00	12106	<i>none</i>	147.50	-	147.50	-
10/11/00	12108	rolls/Foster going away party	21.00	21.00	-	-
11/28/00	12270	milage, gifts for residents	69.74	69.74	-	-
02/23/01	12691	milage	51.50	-	51.50	-
03/23/01	12785	milage	75.50	-	75.50	-
04/20/01	12895	milage	59.50	-	59.50	-
05/03/01	12920	milage to DM	35.00	-	-	35.00
06/29/01	13103	150 miles @ .30	45.00	-	-	45.00
07/27/01	13228	102 miles- C.R.	25.50	-	-	25.50
11/20/01	13590	milage	25.00	-	25.00	-
12/05/01	13659	gifts for staff Xmas party	75.00	75.00	-	-
01/04/02	13752	bonus	100.00	-	100.00	-
03/06/02	13976	2 trips to M'town	29.00	-	-	29.00
03/18/02	14016	cash for token store items	100.00	100.00	-	-
03/22/02	14059	2 trips to M'town	29.00	-	-	29.00
04/08/02	14113	milage to meeting in Ames	34.80	-	-	34.80
04/18/02	14135	<i>none</i>	300.00	-	300.00	-
05/23/02	14255	milage to DM	35.00	-	-	35.00
05/31/02	14278	milage to W'loo & M'town	33.50	-	-	33.50
06/04/02	14300	flowers/gift-B. Tribby@MMSC	32.00	32.00	-	-
07/17/02	14442	milage-June/July	71.75	-	71.75	-
08/02/02	14481	<i>none</i>	103.74	-	103.74	-
02/05/03	15104	<i>none</i>	89.56	-	89.56	-
03/11/03	15233	\$General purchases	90.00	-	90.00	-
03/26/03	15283	milage to DM*	45.00	-	-	45.00
05/16/03	15486	milage	15.00	-	15.00	-
06/20/03	15589	<i>none</i>	1,000.00	-	1,000.00	-
07/25/03	15719	150 miles @ \$0.30	45.00	-	-	45.00
10/31/03	16056	milage to ames	30.00	-	-	30.00
12/22/03	16250	milage	30.00	-	30.00	-
02/06/04	16465	milage	66.00	-	66.00	-
05/27/04	16729	295 miles	88.50	-	-	88.50

Report on Special Investigation of the
Country Living Care Center

Reimbursements to Terri Mayo
For the period July 1, 2007 through April 30, 2009

Check Date	Check Number	Memo per Accounting System **	Amount	Reasonable	Improper	Unsupported
12/23/04	17455	milage-shopping	20.00	-	20.00	-
04/18/05	17762	milage to seminar	98.00	-	98.00	-
11/07/06	19385	mileage	49.00	-	49.00	-
02/21/08	20529	<i>none</i>	1,700.00	-	1,700.00	-
03/20/09	21528	<i>none</i>	375.00	-	375.00	-
Total			<u>\$ 5,413.84</u>	<u>297.74</u>	<u>4,603.30</u>	<u>512.80</u>

* - Ms. Mayo was paid \$10.00 more than the previous payment described as milage to Des Moines. The additional \$10.00 would be for approximately 33 additional miles. Additional cost is reasonable if vicinity miles are considered.

** - Italicized information is the auditor's notation.

Exhibit E

Report on Special Investigation of the
Country Living Care Center

Reimbursements to Brandi Kriegel
For the period July 1, 2007 through April 30, 2009

Check Date	Check Number	Memo per Accounting System or Check Image**	Amount	Improper	Unsupported
01/28/00	11293	50 miles/M'town	\$ 12.50	-	12.50
03/20/00	11453	<i>none</i>	25.00	25.00	-
03/20/00	^	petty cash drawer	25.00	-	25.00
08/09/00	12338	<i>none</i>	19.00	19.00	-
08/25/00	11949	milage	12.50	12.50	-
10/04/00	12066	milage	25.50	25.50	-
11/16/00	12227	<i>none</i>	8.11	8.11	-
05/11/01	12959	lunch	4.25	4.25	-
09/11/01	13367	milage	7.00	7.00	-
01/07/02	13785	50 miles to M'town	14.50	-	14.50
01/15/02	13812	milage to appts 16@ .29	4.64	-	4.64
03/28/02	14061	medication bins	11.82	-	11.82
05/13/02	14205	56 miles @ \$0.30	16.80	-	16.80
09/19/02	14632	milage	9.30	9.30	-
09/23/02	14657	<i>none</i>	5.25	5.25	-
11/25/02	14846	<i>none</i>	75.00	75.00	-
12/12/02	14905	milage	15.00	15.00	-
08/04/03	15758	50 miles @ \$0.30	15.00	-	15.00
04/16/04	16618	<i>none</i>	29.74	29.74	-
06/15/04	16800	150 miles @ \$0.30	45.00	-	45.00
08/06/04	16958	milage	52.80	52.80	-
09/27/04	17123	fall decorations	34.18	34.18	-
12/19/05	18503	milage	35.00	35.00	-
10/26/06	19332	<i>none</i>	31.50	31.50	-
03/29/07	19790	<i>none</i>	52.50	52.50	-
08/16/07	20092	<i>none</i>	35.00	35.00	-
02/29/08	20553	mileage/reimburse	105.11	105.11	-
08/07/08	20902	mileage	42.00	42.00	-
12/18/08	21253	<i>none</i>	15.00	15.00	-
Total			<u>\$ 784.00</u>	<u>638.74</u>	<u>145.26</u>

^ - Accounting system contained an incorrect check number of "5."

** - Italicized information is the auditor's notation.

Report on Special Investigation of the
Country Living Care Center

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director
Melissa J. Knoll-Speer, Senior Auditor
Lori M. Dinville, Staff Auditor
James R. Wittenwyler, Staff Auditor

A handwritten signature in black ink that reads "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Tamera S. Kusian, CPA
Deputy Auditor of State

Appendices

Report on Special Investigation of the
Country Living Care Center

Copy of Information Provided to the Board by Terri Mayo

15 Dec 08

*One time AFLAC payment was late and was cancelled. It was paid and re-instated within a week.

*Dental Insurance was dropped due to lack of finances. The staff were not asked, the former board made the decision. Health insurance is provided for full-time employees at no cost to them.

*I have no idea what was meant regarding the HIPPA violations. I am very careful and stress to the staff that they need to be also.

*One family donated \$300 for a former resident, with the suggestion that we purchase a bench for out front. At this time we have some very nice benches (which get little use). The money was put in the bank until we need to get a new one.

*Meals were purchased for ALL residents and the employees ON DUTY. Occasionally I treat the residents to pizza or burgers and fries. 75% of the time it comes out of my pocket. The other 25% the company pays for. Employees punch out at meal times and they eat the meal being served at no cost to them.

*Not sure what questions there are regarding shopping purchases. Don't know what they are referring to. Receipts are kept for all purchases.

*It has always been the standard practice for salaried employees (me) to take comp time for hours worked over 80 in a two week pay period. I am the only one who does this, and I never abuse it. In fact there is no way I can possibly even use up what I have earned.

*Payroll taxes were totally messed up in 2006. I accept full responsibility for this mismanagement. I paid other bills, not thinking through the consequences of what I was doing. These are being caught up.

*Due to decreased census, money has been a real issue. Bills are paid when they could be and in regards to what needed paid first. We were without phone service 2 times (which was taken care of as soon as it was discovered. At no time did this facility not have access to 911, as it is always available. Our vehicles are old and tired, and we have kept maintenance up on them. In the last couple of years there was a lot of county money put into both the van and car.

*Personal use of my computer is ^{only} accessible to me. If I am not in the office, the door is locked. At times I do play a few games. I need to de-stress and re-focus sometimes.

*I'm sure that at one time or another we have all picked up a pop or something while transporting residents to/from appointments and activities. Most of the time the resident has requested staff stop at caseys or somewhere for them to get a soda as well.

Report on Special Investigation of the
Country Living Care Center

Copy of Information Provided to the Board by Terri Mayo

*Our employee handbook clearly states the staffing is based on need. Schedules are always needing to be changed. People need time off for various reasons. Ann Frost does the scheduling for the direct care dept. and is very good about asking staff to work extra or changing. I am working every Monday 2nd shift because the med-aide who worked didn't want to anymore. Everyone is asked at some time or other to work different hours including Ann and myself.

*Inservices have indeed been an issue for a long time. When we are working short, it is very hard to find a time that people can/will come. I have written up staff meetings as inservices in the past. Inservices are for information, and staff meetings are informative.

*The sign I put on my door once in awhile states OFF DUTY-TALK TO YOU TOMORROW. This is for the residents. They are in and out all the time and I can't get anything done. I consider it no different than taking work home to work on. The staff know that if they have a problem or need to talk to me, this does not apply to them. I work in the direct care dept. 5-6 days in a two week pay period. I do not feel that I am inaccessible to the residents. Sometimes I just need to get things done.

*Wages have always been an issue with staff who have been here more than a couple of years. They feel that every time the minimum wage goes up, their wages should go up in the same amount. Granted we have not had a raise for 2 years, but there just isn't enough money.

*In an effort to delegate some duties, I am teaching Brandi Kriegel to do payroll. Of course she has made a few mistakes as she's learning. I also have been known to make a few. Mistakes are rectified as soon as they are brought to our attention. Our payroll is a pretty simple program, and doesn't require intense training.

*There was one person who started before a DCI check was done. She was filling in once in a great while. The DCI check was done in case there would be an opening. The person was still a student, and made way less than what needed to be reported for taxes. When an opening became available, she was put into the payroll system.

*Maintenance is performed according to importance. Fixing the boiler is more important than replacing ceiling tiles for example. Any purchases the maintenance man made were reimbursed upon presenting the receipt(s). As are any/all approved purchases for the facility.

*I did use the van for personal reasons for 6 hours one Sat. There were no appointments or activities scheduled. The car was available for emergencies. I returned it with more gas in it than when I started.

*Performance evals have not been done for a couple of years. Performance issues are addressed as they arise either by the dept. supervisors or myself. Those employees who

Report on Special Investigation of the
Country Living Care Center

Copy of Information Provided to the Board by Terri Mayo

are the backbone of this facility are good at what they do. If the staff feel that evals need to be done, I will see to it.

*Workmans comp is available. There just have been no claims for a long while. One time I did pay a doctor bill for an employee without turning it in. It was a small amount.

Terri Mayo, Adm.

Report on Special Investigation of the
Country Living Care Center

Copy of Notice from the Internal Revenue Service

Internal Revenue Service
425 SECOND STREET SE
PLAZA 425 - SUITE 500
CEDAR RAPIDS, IA 52401-1819

Department of the Treasury

CERTIFIED MAIL - RETURN RECEIPT

COUNTRY LIVING CARE CENTER INC
2840 K AVE
TOLEDO, IA 52342-9405

Date:
08/06/2009
Social Security or
Employer Identification Number

Person to Contact:
ANITA L GILBERT
Contact Telephone Number:
(319)375-9121
Employee Identification Number:

FINAL NOTICE
NOTICE OF INTENT TO LEVY AND NOTICE OF YOUR RIGHT TO A HEARING
PLEASE RESPOND IMMEDIATELY

Why We Are Sending You This Letter

Your federal tax is still unpaid. We asked you to pay the tax, but we still haven't received your payment. This letter is your notice of our intent to levy (under Internal Revenue Code (IRC) Section 6331) and your right to request an Appeals hearing (under IRC Section 6330(a)).

What You Need To Do

Please send us a full payment today to prevent additional collection action. Make your check or money order payable to "United States Treasury". Write your Social Security number or Employer Identification Number on your payment. Send your payment to us in the enclosed envelope, along with a copy of this letter. The amount you owe through 08/16/2009 is \$251,305.66. Additional penalty and interest charges will be due if you pay after this date.

If you wish to request an Appeals hearing, complete the enclosed Form 12153, *Request for a Collection Due Process or Equivalent Hearing*, and send it to us within 30 days from this letter's date. You must complete, sign, and return this form to the above address within 30 days to preserve your rights to contest an Appeals' decision in the U.S. Tax Court.

Information about Interest and Penalty Charges

The unpaid amount from prior notices may include tax, penalties, and interest you still owe. It also includes any credits and payments we've received since we sent our last notice to you. Below is a brief explanation of the interest and/or failure to pay penalty that may be included in the amount you owe:

Interest - Internal Revenue Code Section 6601

We charge interest when your tax is not paid on time. Interest is computed from the due date of your return (regardless of extensions) until paid in full. Interest is also charged on penalties for late filing and failure to pay tax owed. Interest compounds daily, except on late or underpaid estimated income taxes for individuals or corporations.

Report on Special Investigation of the
Country Living Care Center

Copy of Notice from the Internal Revenue Service

Taxpayer Identification Number: [REDACTED]

Compound Interest – We charge additional interest of 2 percent if, according to our records, you didn't make your corporate tax (income, employment, excise, etc.) payment within 30 days after we notified you of the underpayment of tax. This interest begins on the 31st day after we notify you of the underpayment of tax amounts you owe over \$100,000, minus your timely payments and credits.

Paying Late - Internal Revenue Code Section 6651(a)(2), (a)(3) and (d)(1)

We charge a late penalty of ½ percent of the tax owed each month or part of a month that the tax remains unpaid from the due date, up to a maximum of 25 percent of the tax due. The ½ percent increases to 1 percent for each subsequent month or part of a month if the tax remains unpaid 10 days after we issue a notice of intent to levy.

What We Are Going To Do

We may file a Notice of Federal Tax Lien at any time to protect the government's interest. A lien is a public notice to your creditors that the government has a right to your current assets, including any assets you acquire after we file the lien.

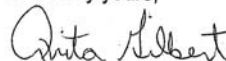
If you don't pay the amount you owe, make alternative arrangements to pay, or request an Appeals hearing within 30 days from this letter's date, we may take collection action against your property, or rights to property, such as real estate, automobiles, business assets, bank accounts, and other income.

How To Get Help

If you have recently paid this tax or if you can't pay it, call us immediately at the telephone number shown at the top of this letter.

The enclosed Publication 594, *The IRS Collection Process*, and Publication 1660, *Collection Appeal Rights*, provide more information.

Sincerely yours,



ANITA L GILBERT
REVENUE OFFICER

Enclosures:
Copy of this letter
Publication 594
Publication 1660
Form 12153

The table below shows the amount you owe:

Form Number	Tax Period	Unpaid Amount from Prior Notices	Additional Penalty	Additional Interest	Amount You Owe
941	03/31/2007	\$39,152.31	\$232.70	\$232.21	\$39,617.22
941	06/30/2007	\$32,971.04	\$201.14	\$195.45	\$33,367.63
941	09/30/2007	\$35,139.95	\$220.06	\$208.19	\$35,568.20
941	12/31/2007	\$27,904.81	\$179.33	\$165.24	\$28,249.38
941	03/31/2008	\$31,926.23	\$210.10	\$188.96	\$32,325.29
941	06/30/2008	\$24,823.42	\$168.16	\$146.83	\$25,138.41
941	09/30/2008	\$30,372.80	\$208.87	\$179.58	\$30,761.25
941	12/31/2008	\$25,936.55	\$188.57	\$153.16	\$26,278.28

Total: \$251,305.66

Report on Special Investigation of the
Country Living Care Center

Copy of Notice from the Iowa Department of Revenue

00250



Iowa Department of Revenue

Director: Mark R. Schuling
www.state.ia.us/tax

X-000344093

09/29/09

COUNTRY LIVING CARE CENTER INC

Permit 000000000

2840 K AVE
TOLEDO IA 52342-9405

NOTICE OF INTENT TO LEVY

Account number: [REDACTED] DELINQUENT WITHHOLDING TAX
Current balance: \$13,746.00

The Iowa Department of Revenue has not received payment of your past due tax amount. Your ability to renew your motor vehicle plates has been suspended.

YOUR TAX AMOUNT DUE MUST BE PAID IMMEDIATELY!

What you MUST do:

- * Mail the amount due with the payment coupon in the enclosed envelope, no later than 20 days from the date of this letter. Make your check or money order payable to the Treasurer State of Iowa, or
- * Pay the amount due by credit card. Please see the enclosed insert for instructions.
- * If you are unable to pay the amount due, you MUST call the telephone number listed below no later than 20 days from the date of this letter to make payment arrangements.

If you fail to pay the amount due or make payment arrangements, we may take one or more of the following actions:

- * Levy your bank account(s).
- * Garnish your wages.
- * File tax liens on your property.
(Iowa Code sections 421.17A, 421.17B, 626.29-31)
- * Suspend license(s) issued to you by the State of Iowa.

Questions?

Contact the Central Collections Unit.

Telephone:
515-281-6944 Des Moines Area or
866-339-7912 Toll Free

Hours:
8:30 AM to 8:00 PM Mon.-Thurs.
8:30 AM to 5:30 PM Friday
8:30 AM to 11:30 AM Saturday

Iowa Department of Revenue
PO Box 10471
Des Moines IA 50306-0471

20560003440930001000013746005000013746005 2

DATE 09/29/2009

BALANCE DUE

\$13,746.00 5

ACCOUNT NUMBER [REDACTED]

SSN1

SSN2

FED ID [REDACTED]

COUNTRY LIVING CARE CENTER INC

2840 K AVE

TOLEDO IA 52342-9405

*** RETURN THIS COUPON WITH PAYMENT TO INSURE PROPER CREDIT

*** MAKE CHECKS OR MONEY ORDERS PAYABLE TO TREASURER STATE OF IOWA

05-005
FLH12 (4/09)